

# MINNESOTA • REVENUE

## SALES AND USE TAX Nonprofit Nursing Homes and Boarding Care Homes

March 21, 2012

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 2609 (Davids) / S.F.2164 (Hoffman)

	<u>Fund Impact</u>			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
Total – All Funds	\$0	(\$10)	(\$10)	(\$10)

(000's)

Effective for sales and purchases made after June 30, 2012.

### EXPLANATION OF THE BILL

**Current Law:** In order to qualify for exemption from sales and use tax, a nonprofit charitable organization must first have received an income-tax exemption from the IRS under Section 501(c)(3) of the Internal Revenue Code. The organization must also be operated exclusively for charitable purposes, and the goods or services purchased must be used in the performance of its charitable functions.

**Proposed Law:** The bill would provide a specific sales tax exemption for nursing homes licensed under state law and boarding care homes certified as a nursing facility under title 19 of the Social Security Act. The facility must be income-tax exempt under Section 501(c)(3) and may not discharge residents due to the inability to pay.

### REVENUE ANALYSIS DETAIL

- A small number of nursing homes that are exempt from income tax under Section 501(c)(3) do not qualify for the sales tax exemption as a charitable organization.
- Enactment of the bill would have a small revenue impact. The analysis assumes an annual revenue loss of \$10,000.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)